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# CMS Manual System

## Pub. 100-04 Medicare Claims Processing

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Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

Transmittal 140

Date: APRIL 16, 2004

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### CHANGE REQUEST 3240

**I. SUMMARY OF CHANGES:** Hospitals have expressed concerns to CMS over the changing of patient status codes on the bill when their medical records do not support such changes. They are concerned that they will be considered out of compliance if there is an audit performed by the Office of Inspector General. This CR seeks to alleviate some of their concerns by instructing them to change their patient status code in order to receive reimbursement while CMS considers what can be done when medical necessity issues arise with transfers from acute care to postacute care entities.

**NEW/REVISED MATERIAL - EFFECTIVE DATE: January 1, 2004**

**\*IMPLEMENTATION DATE: May 23, 2004**

*Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

### **II. CHANGES IN MANUAL INSTRUCTIONS: N/A**

**(R = REVISED, N = NEW, D = DELETED) – (Only One Per Row.)**

<b>R/N/D</b>	<b>CHAPTER/SECTION/SUBSECTION/TITLE</b>

### **\*III. FUNDING:**

**These instructions shall be implemented within your current operating budget.**

### **IV. ATTACHMENTS:**

	<b>Business Requirements</b>
	<b>Manual Instruction</b>
	<b>Confidential Requirements</b>
<b>X</b>	<b>One-Time Notification</b>
	<b>Recurring Update Notification</b>

**\*Medicare contractors only**

# Attachment - One-Time Notification

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**SUBJECT: Hospital Concerns Regarding Changing of Patient Status Code Due to Common Working File Edit 7272**

## I. GENERAL INFORMATION

### A. Background:

Hospitals have expressed concerns to CMS over the changing of patient status codes on the bill when their medical records do not support such changes. They are concerned that they will be considered out of compliance if there is an audit performed by the Office of Inspector General. This CR seeks to alleviate some of their concerns by instructing them to change their patient status code in order to receive reimbursement while CMS considers what can be done when medical necessity issues arise with transfers from acute care to post acute care entities.

### B. Policy: N/A

### C. Provider Education:

A provider education article related to this instruction will be available at [www.cms.hhs.gov/medlearn/matters](http://www.cms.hhs.gov/medlearn/matters) shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article must be included in your next regularly scheduled bulletin.

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

Requirement #	Requirements	Responsibility
3240.1	FIs shall permit hospitals to change the patient status code on the claim to the proper post acute care destination upon receipt of CWF edit 7272, so they receive the correct reimbursement amount.	FIs
3240.2	FIs shall notify hospitals that they will not be penalized by the OIG when they change the patient status code to indicate a transfer, even if	FIs

	it does not correspond with the hospital's medical records.	
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### III. SUPPORTING INFORMATION & POSSIBLE DESIGN CONSIDERATIONS

#### A. Other Instructions: N/A

X-Ref Requirement #	Instructions

#### B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

#### C. Interfaces: N/A

#### D. Contractor Financial Reporting /Workload Impact: N/A

#### E. Dependencies: N/A

#### F. Testing Considerations: N/A

### IV. SCHEDULE, CONTACTS, AND FUNDING

<b>Effective Date:</b> January 1, 2004 <b>Implementation Date:</b> May 23, 2004 <b>Pre-Implementation Contact(s):</b> Sarah Shirey (410) 786-0187 <b>Post-Implementation Contact(s):</b> Regional Office	These instructions shall be implemented within your current operating budget.
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